



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS  
AUDIT EXAMINATION OF THE  
PULASKI COUNTY FISCAL COURT**

**Fiscal Year Ended June 30, 1999**

**EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS  
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## **EXECUTIVE, SUMMARY**

### **PULASKI COUNTY DARRELL BESHEARS, COUNTY JUDGE/EXECUTIVE FISCAL COURT AUDIT FISCAL YEAR ENDED JUNE 30, 1999**

#### **Audit Opinion:**

We have issued an unqualified opinion in our independent auditor's report, with the following comment and recommendation:

- Pulaski County Received FEMA Reimbursements Of \$51,782 In Excess Of Documented Expenditures.

#### **Debt Obligations:**

Operating Leases (Balance as of June 30, 1999):

Pickup Truck - \$14,455  
Road Equipment - \$25,246  
Road Equipment - \$94,000

Long-Term Debt (Balances as of June 30, 1999):

Somerset Municipal Projects Corporation - Fine Arts/Community Center  
Building Bonds - \$70,000

Pulaski County Detention Center Corporation Bond Fund - \$1,200,000

Lease Purchase Agreements (Balance as of June 30, 1999):

Kentucky Association of Counties Leasing Trust Program - Fire Truck and  
Ambulance - \$538,000

Civil Lawsuit (Subsequent Event):

Final Judgment Rendered - \$922,715  
Issuance Fee For General Obligation Public Purpose Notes - \$15,000

#### **Receivables:**

Community Development Block Grant Loans

Somerset Foods - \$454,983  
Somerset Recycling - \$140,438

#### **Changes In Administration:**

Darrell BeShears replaced Louie Floyd as County Judge/Executive

Mike New replaced James Slaughter as Magistrate

Kenneth Isaacs replaced Phillip McClendon as Magistrate

James Girdler replaced Earl Hicks as Magistrate



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SOMERSET ECONOMIC DEVELOPMENT FUND	
SOMERSET ECONOMIC DEVELOPMENT FUND (B)	





EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Paul E. Patton, Governor  
John P. McCarty, Secretary  
Finance and Administration Cabinet  
Mike Haydon, Secretary, Revenue Cabinet  
Honorable Darrell BeShears, Pulaski County Judge/Executive  
Honorable Louie Floyd, Former Pulaski County Judge/Executive  
Members of the Pulaski County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and fund balances arising from cash transactions of Pulaski County, Kentucky, as of June 30, 1999, and the related statement of cash receipts, cash disbursements, and changes in cash balances for the year then ended. These financial statements are the responsibility of the Pulaski County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Somerset-Pulaski County Development Foundation, Inc., Somerset Economic Development Fund, and the Somerset Economic Development Fund (B). Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included for the Somerset-Pulaski County Development Foundation, Inc., Somerset Economic Development Fund, and the Somerset Economic Development Fund (B) is based solely upon the reports of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Pulaski County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and laws of Kentucky. Consequently, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when a liability is incurred. The cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts. Accordingly, the accompanying financial statements are not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

To the People of Kentucky  
Honorable Paul E. Patton, Governor  
John P. McCarty, Secretary  
Finance and Administration Cabinet  
Mike Haydon, Secretary, Revenue Cabinet  
Honorable Darrell BeShears, Pulaski County Judge/Executive  
Members of the Pulaski County Fiscal Court

In our opinion, based upon our audit and the reports of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balances arising from cash transactions of Pulaski County, Kentucky, and the related statement of cash receipts, cash disbursements, and changes in cash balances as of June 30, 1999, in conformity with the cash basis of accounting described above.

Our audit was performed for the purpose of forming an opinion on the financial statements of Pulaski County, Kentucky, taken as a whole. The information provided on the accompanying schedules is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the financial statements taken as a whole.

Based on the results of our audit, we present the accompanying comment and recommendation, included herein, which discusses the following area of noncompliance:

- Pulaski County Received FEMA Reimbursements Of \$51,782 In Excess Of Documented Expenditures

In accordance with Government Auditing Standards, we have also issued our report dated June 21, 2000 on our consideration of Pulaski County, Kentucky's compliance with certain provisions of laws, regulations, contracts, and grants, and internal control over financial reporting.

Respectfully submitted,



Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
June 21, 2000

PULASKI COUNTY OFFICIALS

June 30, 1999

Darrell BeShears	County Judge/Executive
Fred Neikirk	County Attorney
Willard Hansford	County Clerk
George Flynn	Circuit Court Clerk
Sam Catron	Sheriff
Darrell Presley	Jailer
T.W. Todd	Property Valuation Administrator
Arlene Phelps	County Treasurer
Alan Stringer	Coroner
Darrell Wilson	Magistrate
Howard Hansford	Magistrate
James Cothron	Magistrate
Ralph Troxtell	Magistrate
Kenneth Isaacs	Magistrate
Mike New	Magistrate
James Girdler	Magistrate

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STATEMENT OF ASSETS, LIABILITIES,  
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS



PULASKI COUNTY  
STATEMENT OF ASSETS, LIABILITIES,  
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

June 30, 1999

Assets and Other Resources

Assets

General Fund:	
Cash	\$ 1,041,250
Road and Bridge Fund:	
Cash	168,302
Jail Fund:	
Cash	462,971
Jail Commissary Fund:	
Cash	60,267
Local Government Economic Assistance Fund:	
Cash	72,625
911 Fund:	
Cash	149,706
Economic Development Fund:	
Cash	104,967
Long-Term Note Receivable (Note 4A)	454,983
Long-Term Note Receivable (Note 4B)	140,438
Industrial Development Fund:	
Cash	391,241
Fire Protection Fund:	
Cash	353,567
Occupational Tax Fund:	
Cash	53,244
Detention Center Corporation Bond Fund:	
1996 Reserve Account - Investments	161,401
Revolving Payroll Account:	
Cash	1,224
Insurance Reimbursement Account:	
Cash	4

Other Resources

General Fund:	
Somerset Fine Art/Community Center Building-	
Amount to be Provided in Future Years for Bond Principal Payments (Note 6)	70,000
Civil Lawsuit Liability-	
Amount to be Provided in Future Years for Note Principal Payments (Note 8)	935,000

PULASKI COUNTY  
 STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES  
 ARISING FROM CASH TRANSACTIONS  
 June 30, 1999  
 (Continued)

Other Resources (Continued)

Fire Protection Fund:

Amount to be Provided in Future Years for KACO Leasing Trust Bond Principal Payments (Note 7)	\$ 538,000
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Detention Center Corporation Bond Fund:

Amount to be Provided in Future Years for Bond Principal Payments (Note 6)	<u>1,038,599</u>
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Total Assets and Other Resources	<u><u>\$ 6,197,789</u></u>
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Liabilities and Fund Balances

Liabilities

General Fund:

Somerset Fine Arts/Community Center Building-Bond Principal Not Matured (Note 6)	\$ 70,000
--	-----------

Civil Lawsuit Liability Note Principal Payments (Note 8)	935,000
--	---------

Economic Development Fund:

Deferred Revenue for Long-Term Receivable (Note 4)	454,983
--	---------

Industrial Development Fund:

Deferred Revenue for Long-Term Receivable (Note 4)	140,438
--	---------

Fire Protection Fund:

KACO Leasing Trust Bond Principal Payments (Note 7)	538,000
---	---------

Detention Center Corporation Bond Fund:

Bond Principal Not Matured (Note 6B)	1,200,000
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Revolving Payroll Account	1,224
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Insurance Reimbursement Account	4
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Fund Balances

Reserved:

Jail Commissary Fund	60,267
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911 Fund	149,706
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Economic Development Fund	104,967
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Industrial Development Fund	391,241
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Fire Protection Fund	353,567
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Occupational Tax Fund	53,244
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PULASKI COUNTY  
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES  
ARISING FROM CASH TRANSACTIONS  
June 30, 1999  
(Continued)

Liabilities and Fund Balances (Continued)

Fund Balances (Continued)

Unreserved:

General Fund	\$ 1,041,250
Road and Bridge Fund	168,302
Jail Fund	462,971
Local Government Economic Assistance Fund	<u>72,625</u>

Total Liabilities and Fund Balances	<u><u>\$ 6,197,789</u></u>
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The accompanying notes are an integral part of the financial statements.

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STATEMENT OF CASH RECEIPTS,  
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

PULASKI COUNTY  
STATEMENT OF CASH RECEIPTS,  
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

Fiscal Year Ended June 30, 1999

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Cash Receipts</u>				
Schedule of Operating Revenue	\$ 13,165,112	\$ 3,127,710	\$ 1,870,228	\$ 1,493,486
Transfers In	6,203,290	2,827,849	1,714,386	
Prior Year Voided Checks	1,036			
Kentucky Advance Revenue Program	3,734,210	3,067,490	666,720	
Jail Commissary Fund Receipts	205,505			
Total Cash Receipts	<u>\$ 23,309,153</u>	<u>\$ 9,023,049</u>	<u>\$ 4,251,334</u>	<u>\$ 1,493,486</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 12,636,851	\$ 5,256,058	\$ 3,629,936	\$ 1,394,918
Miscellaneous Expenditures	214			
Transfers Out	6,203,290	584,000		157,475
Bonds:				
Principal Paid	105,418			
Interest Paid	95,000			
Trustee Fee	1,661			
Bond Redemption	1,228,600			
Rural Economic Development Center- Bond Principal	65,000	65,000		
Kentucky Advance Revenue Program Repaid	3,734,210	3,067,490	666,720	
KACO Leasing Trust Equipment Lease	239,012		78,012	
Jail Commissary Fund Expenditures	200,685			
Total Cash Disbursements	<u>\$ 24,509,941</u>	<u>\$ 8,972,548</u>	<u>\$ 4,374,668</u>	<u>\$ 1,552,393</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ (1,200,788)	\$ 50,501	\$ (123,334)	\$ (58,907)
Cash Balance - July 1, 1998*	<u>4,220,329</u>	<u>990,749</u>	<u>291,636</u>	<u>521,878</u>
Cash Balance - June 30, 1999*	<u>\$ 3,019,541</u>	<u>\$ 1,041,250</u>	<u>\$ 168,302</u>	<u>\$ 462,971</u>

\* Cash Balance Includes Investments

PULASKI COUNTY  
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
 CHANGES IN CASH BALANCES  
 Fiscal Year Ended June 30, 1999  
 (Continued)

Jail Commissary Fund	Local Government Economic Assistance Fund	911 Fund	Economic Development Fund	Industrial Development Fund	Fire Protection Fund
\$	\$ 283,332 26,000	\$ 3,755 706,656	\$ 24,089	\$ 37,397 770,924	\$ 942,059
205,505					
\$ 205,505	\$ 309,332	\$ 710,411	\$ 24,089	\$ 808,321	\$ 942,059
\$	\$ 247,915 26,000	\$ 689,536	\$ 2,149	\$ 475,248	\$ 873,315
200,685					161,000
\$ 200,685	\$ 273,915	\$ 689,536	\$ 2,149	\$ 475,248	\$ 1,034,315
\$ 4,820 55,447	\$ 35,417 37,208	\$ 20,875 128,831	\$ 21,940 83,027	\$ 333,073 58,168	\$ (92,256) 445,823
\$ 60,267	\$ 72,625	\$ 149,706	\$ 104,967	\$ 391,241	\$ 353,567

PULASKI COUNTY  
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
 CHANGES IN CASH BALANCES  
 Fiscal Year Ended June 30, 1999  
 (Continued)

	Tourism Fund	Occupational Tax Fund	Detention Center Corporation Bond Fund
<u>Cash Receipts</u>			
Schedule of Operating Revenue	\$ 46,886	\$ 5,297,367	\$ 38,803
Transfers In			157,475
Prior Year Voided Checks	1,036		
Kentucky Advance Revenue Program			
Jail Commissary Fund Receipts			
Total Cash Receipts	<u>\$ 47,922</u>	<u>\$ 5,297,367</u>	<u>\$ 196,278</u>
<u>Cash Disbursements</u>			
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 67,776	\$	\$
Miscellaneous Expenditures		214	
Transfers Out		5,435,815	
Bonds:			
Principal Paid			105,418
Interest Paid			95,000
Trustee Fee			1,661
Bond Redemption			1,228,600
Rural Economic Development Center- Bond Principal			
Kentucky Advance Revenue Program Repaid			
KACO Leasing Trust Equipment Lease			
Jail Commissary Fund Expenditures			
Total Cash Disbursements	<u>\$ 67,776</u>	<u>\$ 5,436,029</u>	<u>\$ 1,430,679</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ (19,854)	\$ (138,662)	\$ (1,234,401)
Cash Balance - July 1, 1998*	<u>19,854</u>	<u>191,906</u>	<u>1,395,802</u>
Cash Balance - June 30, 1999*	<u>\$ 0</u>	<u>\$ 53,244</u>	<u>\$ 161,401</u>

\* Cash Balance Includes Investments

The accompanying notes are an integral part of the financial statements.

PULASKI COUNTY  
NOTES TO FINANCIAL STATEMENTS

June 30, 1999

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Pulaski County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the criteria stated in GASB 14, management has included Jail Commissary Fund, Detention Center Corporation Bond Fund, Somerset-Pulaski County Development Foundation, Inc., Somerset Economic Development Fund, and the Somerset Economic Development Fund (B) as part of the reporting entity.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts.

C. Basis of Accounting

The financial statements were prepared on a cash basis of accounting pursuant to Kentucky Revised Statute (KRS) 68.210 as recommended by the State Local Finance Officer. Consequently, certain revenues and related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when a liability is incurred. The cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts.

D. Legal Compliance - Budget

The Pulaski county budget is adopted on a cash basis of accounting and laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

E. Cash and Investments

Cash includes amounts in bank accounts, and investments are stated at cost. Investments may include certificates of deposit on the financial statements; however, for the purpose of disclosing credit risk (Note 3), investments exclude certificates of deposit.

PULASKI COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 1999  
(Continued)

Note 1. (Continued)

E. Cash and Investments (Continued)

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 8.22 percent. Hazardous covered employees are required to contribute 7 percent of their salary to the plan. The county's contribution rate for hazardous employees was 18.85 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report.

Note 3. Deposits

The county maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. The county entered into a written agreement with the depository institution and met requirements (a), (b), and (c) stated above. However, as of December 10, 1998, the collateral and FDIC insurance together did not equal or exceed the amount on deposit, leaving \$215,891 of public funds uninsured and unsecured.

PULASKI COUNTY  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 1999  
 (Continued)

Note 3. Deposits (Continued)

The county's deposits are categorized below to give an indication of the level of risk assumed by the county as of December 10, 1998.

	<u>Bank Balance</u>
Collateralized with securities held by the county's agent in the county's name	\$ 1,132,546
Uncollateralized and uninsured	<u>215,891</u>
Total	<u><u>\$ 1,348,437</u></u>

Note 4. Long-Term Note Receivable

- A. In April 1993, Pulaski County loaned Somerset Food Services the proceeds from a Community Development Block Grant in the amount \$317,532 plus an additional \$200,000. This loan was for a period of 20 years at 3 percent interest, with 20 annual payments in the amount of \$21,307 for the first five years and \$38,061 for the remaining 15 years. As of June 30, 1999, Somerset Food Services was in substantial compliance with the terms of the loan agreement.

Principal Balance Due County at June 30, 1999      \$454,983

- B. On December 15, 1997, Pulaski County passed through Community Development Block Grant (CDBG) funds in the amount of \$99,900 to the Somerset-Pulaski County Development Foundation, Inc., which was loaned to Somerset Recycling. On June 15, 1998, an additional \$61,038 of Community Development Block Grant funds was loaned to Somerset Recycling. This loan was for a period of 7 years at 5.641 percent interest, with monthly payments of \$2,403.34. The CDBG funds were received and expended through the County's General Fund. In accordance with the grant agreement, the repayment of the CDBG funds are to be deposited into the Pulaski County Economic Development Fund. During fiscal year 1999, repayment of these funds were deposited into an account maintained by the Somerset-Pulaski County Development Foundation, Inc. These funds should be transferred to the Pulaski County Economic Development Fund and maintained by the County Treasurer.

Principal Balance Due County at June 30, 1999      \$140,438

PULASKI COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 1999  
(Continued)

Note 5. Operating Leases

Description	Purchase Date	Maturity Date	Interest Rate	Principal Balance June 30, 1999
Pickup Truck	12/4/1996	12/04/2000	Variable	\$ 14,455
Road Equipment	12/6/1996	01/01/2000	Variable	\$ 25,246
Road Equipment	11/24/1997	01/20/2002	Variable	\$ 94,000

Note 6. Long-Term Debt

- A. On May 1, 1990, the Pulaski County Fiscal Court entered into an agreement with the City of Somerset to pay one-half of all principal and interest for \$1,000,000 of bonds issued by the Somerset Municipal Projects Corporation to finance a portion of the Somerset Fine Arts/Community Center Building. As of June 30, 1999, the principal amount outstanding was \$70,000.
- B. On October 1, 1996, the Pulaski County Detention Center Corporation Bond Fund issued \$1,415,000 of Revenue Bonds for the purpose of defeasing the 1988 Bond Series Issue. The 1988 bonds were originally issued to finance and equip the Pulaski County Detention Center. The Refunding Bonds were dated October 1, 1996, and require semiannual interest payments – January 1 and July 1 – commencing January 1, 1997. One principal payment will be due on July 1 of each year commencing January 1, 1997. Bonds will mature July 1, 2008. As of June 30, 1999, the principal amount outstanding was \$1,200,000.

<u>Fiscal Year Ending</u>	<u>Scheduled Interest</u>	<u>Scheduled Principal</u>
June 30, 2000	\$ 56,473	\$ 95,000
June 30, 2001	51,695	100,000
June 30, 2002	46,673	105,000
June 30, 2003	41,405	110,000
June 30, 2004	35,893	115,000
June 30, 2006-2008	85,139	675,000
Totals	<u>\$ 317,278</u>	<u>\$ 1,200,000</u>

- C. The Pulaski County Detention Center Corporation Bond Fund issued the 1988 bond series to finance and equip the Pulaski Detention Center. For fiscal year ending June 30, 1999, a debt service principal payment of \$75,000 and interest payment of \$85,919 was made. On July 1, 1998, the remaining 1988 Bond series of \$1,120,000 was called at a premium of 103 and retired.

PULASKI COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 1999  
(Continued)

Note 7. Lease-Purchase Agreements

The county entered into a capital lease-purchase agreement with Kentucky Association of Counties Leasing Trust Program for the acquisition of fire trucks and an ambulance in June 1992. Terms of the agreement stipulate a ten-year repayment schedule, with variable interest payments and variable annual principal payments. As of June 30, 1999, the principal balance was \$538,000.

<u>Fiscal Year Ending</u>	<u>Scheduled Interest</u>	<u>Scheduled Principal</u>
June 30, 2000	\$ 24,152	\$ 170,000
June 30, 2001	15,170	179,000
June 30, 2002	5,700	189,000
Totals	<u>\$ 45,022</u>	<u>\$ 538,000</u>

Note 8. Subsequent Events

Civil Lawsuit

In November of 1995, a civil action judgment was rendered against the Pulaski County Fiscal Court for improperly firing employees. The judgment was for \$466,000, plus attorney fees and costs. This matter was appealed to the United States Sixth Circuit Court of Appeals. On December 21, 1999, the United States Sixth Circuit Court of Appeals upheld the judgment rendered. As a result of this decision, Pulaski County agreed to pay a total judgment amount of \$922,715, which includes the original judgment amount, lost wages, interest, and retirement.

In order to fund this judgment expense, the fiscal court issued \$935,000 of Kentucky General Obligation Public Purpose Notes Series 2000 at 5.56% interest. These notes were dated March 1, 2000, with the requirement that two semiannual interest payments be made on September 1 and March 1 of each year commencing September 1, 2000. One principal payment will be due on March 1 of each year commencing September 1, 2000. Notes mature March 2004.

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COMPARATIVE SCHEDULE OF  
BUDGETED TO ACTUAL OPERATING REVENUE



PULASKI COUNTY  
COMPARATIVE SCHEDULE OF  
BUDGETED TO ACTUAL OPERATING REVENUE

Fiscal Year Ended June 30, 1999

<u>Budgeted Funds</u>	<u>Budgeted Operating Revenue</u>	<u>Actual Operating Revenue</u>	<u>Over (Under) Budget</u>
General Fund	\$ 8,935,858	\$ 3,127,710	\$ (5,808,148)
Road and Bridge Fund	3,785,193	1,870,228	(1,914,965)
Jail Fund	1,296,178	1,493,486	197,308
Local Government Economic Assistance Fund	258,728	283,332	24,604
911 Fund	708,700	3,755	(704,945)
Economic Development Fund	23,460	24,089	629
Industrial Development Fund	718,400	37,397	(681,003)
Fire Protection Fund	872,000	942,059	70,059
Tourism Fund	174,595	46,886	(127,709)
Occupational Tax Fund (a)		5,297,367	5,297,367
	<hr/>	<hr/>	<hr/>
Totals	\$ 16,773,112	\$ 13,126,309	\$ (3,646,803)
	<hr/>	<hr/>	<hr/>
<u>Reconciliation</u>			
Total Budgeted Operating Revenue Above			\$ 16,773,112
Add: Budgeted Prior Year Surplus			2,573,900
Less: Other Financing Uses			<u>(4,196,150)</u>
Total Operating Budget Per Comparative Schedule Of Final Budget and Budgeted Expenditures			<u>\$ 15,150,862</u>

(a) Budgeted as part of the General Fund.

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SCHEDULE OF OPERATING REVENUE

PULASKI COUNTY  
SCHEDULE OF OPERATING REVENUE

Fiscal Year Ended June 30, 1999

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
Revenue From Local Taxes <u>and Excess Fees</u>				
Sheriff:				
Taxes	\$ 1,067,081	\$ 1,067,081	\$	\$
Excess Fees	382	382		
County Clerk:				
Deed Transfer Tax	132,691	132,691		
Occupational Licenses	1,546	1,546		
Delinquent Taxes	13,949	13,949		
Excess Fees	616,514	616,514		
Tangible Personal Property Taxes:				
Other Counties	34,605	34,605		
County Clerk	185,907	185,907		
Occupational Employment Tax	5,283,075			
Insurance Premium Tax	905,557			
Transient Tax	43,383			
In Lieu of Taxes:				
Tennessee Valley Authority	33,280	33,280		
Totals	\$ 8,317,970	\$ 2,085,955	\$ 0	\$ 0
<u>U.S. Treasurer</u>				
Housing Prisoners	\$ 59,155	\$	\$	\$ 59,155
<u>Federal Receipts - State Treasurer</u>				
Disaster and Emergency Assistance				
Grants - Coordinator Salary	\$ 7,876	\$	\$	\$
Snow Removal	141,984		141,984	
Flood Control Receipts	77,085	77,085		
National Forestry Receipts	21,290		21,290	
Federal Highway Administration-				
National Recreational Trails Project	13,331	13,331		
Federal Highway Safety Grant	69,769	69,769		
Totals	\$ 331,335	\$ 160,185	\$ 163,274	\$ 0

PULASKI COUNTY  
SCHEDULE OF OPERATING REVENUE  
Fiscal Year Ended June 30, 1999  
(Continued)

Local Government Economic Assistance Fund	911 Fund	Economic Development Fund	Industrial Development Fund	Fire Protection Fund
\$	\$	\$	\$	\$
				905,557
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 905,557</u>
<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
\$	\$	\$	\$	\$ 7,876
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 7,876</u>

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PULASKI COUNTY  
 SCHEDULE OF OPERATING REVENUE  
 Fiscal Year Ended June 30, 1999  
 (Continued)

	Tourism Fund	Occupational Tax Fund	Detention Center Corporation Bond Fund
Revenue From Local Taxes <u>and Excess Fees</u>			
Sheriff:			
Taxes	\$	\$	\$
Excess Fees			
County Clerk:			
Deed Transfer Tax			
Occupational Licenses			
Delinquent Taxes			
Excess Fees			
Tangible Personal Property Taxes:			
Other Counties			
County Clerk			
Occupational Employment Tax		5,283,075	
Insurance Premium Tax			
Transient Tax	43,383		
In Lieu of Taxes:			
Tennessee Valley Authority			
Totals	\$ 43,383	\$ 5,283,075	\$ 0
<u>U.S. Treasurer</u>			
Housing Prisoners	\$	\$	\$
<u>Federal Receipts - State Treasurer</u>			
Disaster and Emergency Assistance			
Grants - Coordinator Salary	\$	\$	\$
Snow Removal			
Flood Control Receipts			
National Forestry Receipts			
Federal Highway Administration-			
National Recreational Trails Project			
Federal Highway Safety Grant			
Totals	\$ 0	\$ 0	\$ 0

PULASKI COUNTY  
 SCHEDULE OF OPERATING REVENUE  
 Fiscal Year Ended June 30, 1999  
 (Continued)

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Kentucky State Treasurer</u>				
Jail:				
Allotments	\$ 214,073	\$	\$	\$ 214,073
Medical Allotments	13,006			13,006
Driving Under The Influence Fees	11,008			11,008
Housing State Prisoners	456,185			456,185
Juvenile Subsidy	80			80
Class D Felons	545,769			545,769
County Road Aid	1,459,343		1,459,343	
Road Energy Recovery	2,255		2,255	
Truck License Distribution	161,449		161,449	
Election Expense Reimbursement	24,225	24,225		
Strip Mine Permits	4,000	4,000		
Courthouse Rental - Administrative				
Office of the Courts	129,680	129,680		
Refunds:				
Drivers Licenses	5,740		5,740	
Dog Licenses	357	357		
Timberland Tax	53		53	
Severance Taxes:				
Coal	82,928			
Mineral	192,960			
Board of Assessments	200	200		
House Bill 321:				
Bethany House	71,428	71,428		
East Pulaski County Community Park	40,000	40,000		
Grants:				
Kentucky Department of Travel	3,361			
Senate Bill 66	35,500	35,500		
Disaster and Emergency Assistance Grant - Coordinator Salary	5,075			
Totals	\$ 3,458,675	\$ 305,390	\$ 1,628,840	\$ 1,240,121

PULASKI COUNTY  
SCHEDULE OF OPERATING REVENUE  
Fiscal Year Ended June 30, 1999  
(Continued)

Local

Government

Economic

Assistance 911

Fund	Fund
------	------

Economic  
Development

Fund

Industrial  
Development

Fund

## Fire Protection

Fund

\$

\$

\$

\$

\$

82,928  
192,960

5,075

\$ 275,888

---

\$ 0

\$ 0

\$ 0

\$ 5,075

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PULASKI COUNTY  
 SCHEDULE OF OPERATING REVENUE  
 Fiscal Year Ended June 30, 1999  
 (Continued)

	Tourism Fund	Occupational Tax Fund	Detention Center Corporation Bond Fund
<u>Kentucky State Treasurer</u>			
Jail:			
Allotments	\$	\$	\$
Medical Allotments			
Driving Under The Influence Fees			
Housing State Prisoners			
Juvenile Subsidy			
Class D Felons			
County Road Aid			
Road Energy Recovery			
Truck License Distribution			
Election Expense Reimbursement			
Strip Mine Permits			
Courthouse Rental - Administrative			
Office of the Courts			
Refunds:			
Drivers Licenses			
Dog Licenses			
Timberland Tax			
Severance Taxes:			
Coal			
Mineral			
Board of Assessments			
House Bill 321:			
Bethany House			
East Pulaski County Community			
Park			
Grants:			
Kentucky Department of Travel	3,361		
Senate Bill 66			
Disaster and Emergency			
Assistance Grant -			
Coordinator Salary			
Totals	\$ 3,361	\$ 0	\$ 0

PULASKI COUNTY  
 SCHEDULE OF OPERATING REVENUE  
 Fiscal Year Ended June 30, 1999  
 (Continued)

	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Miscellaneous Revenue</u>				
Interest	\$ 239,486	\$ 119,218	\$ 29,083	\$ 13,023
Dividend	7,337			
Circuit Court Clerk:				
Jail Cost	36,600			36,600
Housing Prisoners- Other Counties	52,290			52,290
Jail:				
Telephone Commission Refunds	43,280			43,280
Work Release	20,308			20,308
Bond Fees	7,880			7,880
Inmate Reimbursement	15,732			15,732
Community Development Block				
Grant Loan Repayments -				
Somerset Foods	21,307			
Somerset Recycling	31,619			
Reimbursements:				
Adanta Group	12,440	12,440		
KLEFPF	33,713	33,713		
Solid Waste Salaries	79,259	79,259		
Insurance	73,972	73,972		
City of Somerset	16,257	16,257		
Licenses and Permits:				
Cable TV Franchise	97,932	97,932		
Charges for Services:				
Parking Lot	5,769	5,769		
Parks and Recreation	51,137	51,137		
Stone Royalty	36,749		36,749	
Dog Pound Fees	29,971	29,971		
Space Rental	10,802	10,802		
200th Celebration Contributions	8,410	8,410		
Surplus Machinery and Equipment Sales	8,113		8,113	
Miscellaneous Items	57,614	37,300	4,169	5,097
Totals	\$ 997,977	\$ 576,180	\$ 78,114	\$ 194,210
Total Operating Revenue	\$ 13,165,112	\$ 3,127,710	\$ 1,870,228	\$ 1,493,486

PULASKI COUNTY  
 SCHEDULE OF OPERATING REVENUE  
 Fiscal Year Ended June 30, 1999  
 (Continued)

Local Government Economic Assistance Fund	911 Fund	Economic Development Fund	Industrial Development Fund	Fire Protection Fund
\$ 842	\$ 2,695	\$ 2,782	\$ 5,778	\$ 20,194
		21,307	31,619	
6,602	1,060			3,357
\$ 7,444	\$ 3,755	\$ 24,089	\$ 37,397	\$ 23,551
\$ 283,332	\$ 3,755	\$ 24,089	\$ 37,397	\$ 942,059

PULASKI COUNTY  
 SCHEDULE OF OPERATING REVENUE  
 Fiscal Year Ended June 30, 1999  
 (Continued)

	Tourism Fund	Occupational Tax Fund	Detention Center Corporation Bond Fund
<u>Miscellaneous Revenue</u>			
Interest	\$ 127	\$ 14,278	\$ 31,466
Dividend			7,337
Circuit Court Clerk:			
Jail Cost			
Housing Prisoners-			
Other Counties			
Jail:			
Telephone Commission Refunds			
Work Release			
Bond Fees			
Inmate Reimbursement			
Community Development Block			
Grant Loan Repayments -			
Somerset Foods			
Somerset Recycling			
Reimbursements:			
Adanta Group			
KLEFPF			
Solid Waste Salaries			
Insurance			
City of Somerset			
Licenses and Permits:			
Cable TV Franchise			
Charges for Services:			
Parking Lot			
Parks and Recreation			
Stone Royalty			
Dog Pound Fees			
Space Rental			
200th Celebration Contributions			
Surplus Machinery and Equipment Sales			
Miscellaneous Items	15	14	
Totals	\$ 142	\$ 14,292	\$ 38,803
Total Operating Revenue	\$ 46,886	\$ 5,297,367	\$ 38,803

COMPARATIVE SCHEDULE OF  
FINAL BUDGET AND BUDGETED EXPENDITURES



PULASKI COUNTY  
COMPARATIVE SCHEDULE OF  
FINAL BUDGET AND BUDGETED EXPENDITURES

Fiscal Year Ended June 30, 1999

	<u>Final Budget</u>	<u>Budgeted Expenditures</u>	<u>Under (Over) Budget</u>
<u>GENERAL FUND</u>			
<u>General Government</u>			
Office of County Judge/Executive:			
Salaries-			
County Judge/Executive	\$ 59,800	\$ 58,611	\$ 1,189
Deputy County Judge/Executive	29,715	30,431	(716)
Secretaries	79,900	64,922	14,978
Advertisements	10,000	2,784	7,216
Rental Payments	7,380	7,380	
Office Supplies	18,000	17,877	123
Postage	4,000	3,951	49
Printing	1,000		1,000
Travel	13,000	11,805	1,195
Furniture and Fixtures	3,000	2,581	419
Office of County Attorney:			
Salaries-			
County Attorney	35,530	35,530	
Secretary	13,054	13,054	
Office Supplies	800	749	51
Office of County Clerk:			
Salary - Secretary to the Board	600	600	
Calculating Motor Vehicle Tax Bills	20,000	15,022	4,978
Data Processing Supplies	1,000		1,000
Bond	355	355	
Indexing Deeds	4,500	3,443	1,057
Precinct Redistricting	10,000		10,000
Printing and Binding	2,500		2,500
Office of Sheriff:			
Salaries-			
Deputies	282,000	278,887	3,113
Clerks	65,000	64,038	962
Advertising	25,845	25,845	
Marijuana Control	2,000	1,783	217
Tower Rent	4,000	3,995	5

PULASKI COUNTY  
 COMPARATIVE SCHEDULE OF  
 FINAL BUDGET AND BUDGETED EXPENDITURES  
 Fiscal Year Ended June 30, 1999  
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>General Government</u> (Continued)			
Office of Sheriff (Continued):			
Uniforms	\$ 8,140	\$ 8,139	\$ 1
Bond	1,600	1,566	34
Postage	9,955	9,955	
Equipment	4,500	2,863	1,637
Office of County Coroner:			
Salaries-			
County Coroner	19,100	19,099	1
Deputy Coroner	15,925	15,712	213
Part-Time Driver	4,000	3,973	27
Film Development	1,200	204	996
Refrigeration Expense	3,675	3,675	
Office Supplies and Postage	3,470	3,467	3
Supplies and Body Bags	2,255	2,034	221
Uniforms	2,676	1,742	934
Exhumation	1,500	1,233	267
Miscellaneous Reimbursements	2,000	323	1,677
Registration and Conference	4,000	2,200	1,800
Mobile Telephone	5,600	5,145	455
Vehicle Maintenance	3,000	2,754	246
Equipment	16,561	16,561	
Fiscal Court:			
Magistrates-			
Salaries	103,000	95,048	7,952
Expense Allowance	25,200	25,200	
Bonds	1,000	939	61
Office of Property Valuation Administrator:			
Statutory Contribution	50,800	50,800	
Telephone	2,100	1,815	285
Office of Board of Assessment Appeals:			
Per Diem	400		400

PULASKI COUNTY  
 COMPARATIVE SCHEDULE OF  
 FINAL BUDGET AND BUDGETED EXPENDITURES  
 Fiscal Year Ended June 30, 1999  
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>General Government</u> (Continued)			
Office of County Treasurer:			
Salary	\$ 31,875	\$ 32,171	\$ (296)
Bond	2,500	2,313	187
Office of Tax Administration:			
Salaries -			
Accountants and Bookkeeper	51,100	51,098	2
Tax Administrator	29,715	29,709	6
Copier Lease Payment	970	797	173
Computers	15,500	15,379	121
Office Supplies	2,500	2,447	53
Bond	3,140	3,137	3
Postage	5,500	5,847	(347)
Printing	3,000	2,482	518
Refunds for Overpayments	50,000	35,841	14,159
Telephone	1,700	1,543	157
Training and Travel	3,000	755	2,245
Data Processing:			
Coordinator Salary	19,820	20,430	(610)
Support Agreements	6,990	6,990	
Maintenance Agreements	4,000		4,000
Office Supplies	8,910	7,756	1,154
Training	1,000	460	540
Equipment	31,765	31,761	4
County Law Library:			
Law Librarian Salary	1,200	1,200	
Elections:			
Per Diem-			
Election Commissioners	9,200	9,200	
Election Officers	62,381	62,380	1
Voting House	1,000		1,000
Polling Place Rental	6,095	6,092	3
Materials and Supplies	40,000	39,073	927

PULASKI COUNTY  
 COMPARATIVE SCHEDULE OF  
 FINAL BUDGET AND BUDGETED EXPENDITURES  
 Fiscal Year Ended June 30, 1999  
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>General Government</u> (Continued)			
Courthouse:			
Salaries-			
Parking Lot Attendants	\$ 16,600	\$ 17,595	\$ (995)
Janitor	71,580	75,185	(3,605)
Parking Lot Lease	4,000	4,000	
Maintenance-			
Building	5,500	5,499	1
Mechanical	3,500	470	3,030
Elevator	23,000	22,566	434
HVAC	20,000	11,301	8,699
Pest Control	1,000	730	270
Building Maintenance Supplies	5,000	3,945	1,055
Custodial Supplies	15,000	12,870	2,130
Uniforms	4,480	4,479	1
Floor Care	1,500	50	1,450
Insurance	220,000	184,423	35,577
KACO Reimbursement	18,841		18,841
Telephone	19,000	19,382	(382)
Travel	5,400	5,196	204
Garbage	4,000	3,371	629
Electric	62,210	67,684	(5,474)
<u>Protection to Persons and Property</u>			
Ambulance Service			
Ambulance Contract Payment	706,656	706,656	
Ambulance Grant	35,500	35,500	
Forestry Fire Protection:			
Kentucky State Treasurer	3,500	3,404	96
Pest Eradication			
Program	500		500
Office of Public Defender:			
Contribution	6,234	6,234	

PULASKI COUNTY  
 COMPARATIVE SCHEDULE OF  
 FINAL BUDGET AND BUDGETED EXPENDITURES  
 Fiscal Year Ended June 30, 1999  
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>Protection to Persons and Property</u> (Continued)			
<u>General Health and Sanitation</u>			
Dog Control:			
Salaries-			
Dog Warden	\$ 28,745	\$ 28,749	\$ (4)
Assistant Dog Warden	8,400	3,669	4,731
Office Personnel	25,435	25,435	
Truck Maintenance	1,500	223	1,277
Veterinary Services	12,000	8,744	3,256
Animal Food and Health Supplies	3,000	1,520	1,480
Custodial Supplies	3,000	862	2,138
Uniforms	1,500	383	1,117
Operational Equipment	3,000	1,592	1,408
Dog Licenses	1,200	1,148	52
Telephone	1,500	417	1,083
Travel	540	535	5
Electric	6,527	6,683	(156)
Vehicle	3,785	3,707	78
Office of the Solid Waste Coordinator:			
Salaries-			
Coordinator	24,538	25,515	(977)
Monitor	19,310	20,294	(984)
Equipment	23,700	24,531	(831)
Soil Conservation:			
Contribution	35,000	35,000	
Health Department:			
Contribution	350,000	30,000	320,000
<u>Social Services</u>			
Highway Safety:			
Director	26,500	26,877	(377)
FICA	2,030		2,030

PULASKI COUNTY  
 COMPARATIVE SCHEDULE OF  
 FINAL BUDGET AND BUDGETED EXPENDITURES  
 Fiscal Year Ended June 30, 1999  
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>Social Services</u> (Continued)			
Highway Safety:			
Retirement	\$ 2,165	\$	\$ 2,165
Unemployment	500		500
Workers Compensation	500		500
Copier Lease	2,400	1,935	465
Office Rent	5,760	5,760	
Office Supplies	2,600	1,212	1,388
Educational Material	19,400	7,942	11,458
Telephone	2,065	2,064	1
Travel and Training	6,100	5,755	345
Victims' Assistance:			
Domestic Violence Advocate	18,500	18,500	
Equipment	2,000	1,491	509
Bethany House/Grant	71,428	71,428	
Miscellaneous	1,000	917	83
<u>Recreation and Culture</u>			
Parks:			
Salaries-			
Manager	17,510	17,507	3
Other	10,267	10,267	
Park Expansion	30,000	23,804	6,196
Office Supplies and Printing	3,575	3,275	300
Park Maintenance Supplies	12,000	11,857	143
Playground Equipment	2,000	598	1,402
Pulaski Park East	6,000	6,000	
Zollicoffer Park	35,000	35,000	
Camping Deposit Refund	500	165	335
Telephone	3,291	3,399	(108)
Travel	2,000	1,582	418
Utilities	20,000	15,085	4,915
Equipment and Construction	20,700	20,633	67
Land - Eastern Park	40,000	40,000	

PULASKI COUNTY  
 COMPARATIVE SCHEDULE OF  
 FINAL BUDGET AND BUDGETED EXPENDITURES  
 Fiscal Year Ended June 30, 1999  
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>Recreation and Culture</u> (Continued)			
Celebrations, Festivals, and Cultural Programs:			
Pulaski County 200th Celebration	\$	\$ 5,714	\$ (5,714)
Other Extension Services:			
Farm Advisory Position	30,519	30,519	
<u>Debt Service</u>			
Borrowed Money:			
Kentucky Advance Revenue Program- Interest	67,110	67,110	
Rural Economic Development Center- Interest	10,125	10,125	
<u>Capital Projects</u>			
Buildings:			
Courthouse Renovations- Special Projects	27,040	27,037	3
<u>Administration</u>			
General Services:			
Audit Services	41,000	26,021	14,979
Legal Services	10,000	5,314	4,686
Psychiatric Evaluation	6,000	5,627	373
Judgments	500,000		500,000
Memberships	10,000	9,294	706
Miscellaneous	21,000	20,362	638
Contingent Appropriations:			
Reserve for Transfers	28,487		28,487

PULASKI COUNTY  
 COMPARATIVE SCHEDULE OF  
 FINAL BUDGET AND BUDGETED EXPENDITURES  
 Fiscal Year Ended June 30, 1999  
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>GENERAL FUND</u> (Continued)			
<u>Administration</u> (Continued)			
Payments to Government Agencies:			
City of Somerset	\$ 930,118	\$ 930,118	\$
City of Burnside	60,229	60,228	1
City of Ferguson	80,941	80,940	1
City of Science Hill	54,422	54,422	
City of Eubank	30,678	30,678	
Fringe Benefits:			
County Contributions-			
Social Security	211,000	208,385	2,615
Retirement	288,800	288,766	34
Health Insurance	244,800	240,032	4,768
Worker's Compensation	102,130	102,128	2
Unemployment Insurance	35,000	23,687	11,313
Total Operating Budget	\$ 6,338,368	\$ 5,256,058	\$ 1,082,310
Other Financing Uses:			
Rural Economic Development			
Center-Principal	65,000	65,000	
Kentucky Advance Revenue Program-			
Principal	3,067,490	3,067,490	
Total General Fund	\$ 9,470,858	\$ 8,388,548	\$ 1,082,310

ROAD AND BRIDGE FUND

Roads

Office of Road Supervisor:

Salaries-			
Road Supervisor	\$ 30,694	\$ 30,693	\$ 1
Office Manager	21,915	21,832	83
Office Supplies	2,018	1,501	517
Equipment	10,000	8,104	1,896
Telephone	1,200	435	765
Utilities	5,800	5,797	3

PULASKI COUNTY  
 COMPARATIVE SCHEDULE OF  
 FINAL BUDGET AND BUDGETED EXPENDITURES  
 Fiscal Year Ended June 30, 1999  
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>ROAD AND BRIDGE FUND</u> (Continued)			
<u>Roads</u> (Continued)			
Office of Road Supervisor: (Continued)			
CDL Testing	\$ 1,701	\$ 1,700	\$ 1
Building	5,962	5,955	7
Miscellaneous	6,200	5,413	787
Road Maintenance:			
Salaries-			
Road Foreman			
Road Labor	725,896	725,872	24
Mechanics	67,580	67,573	7
Road Construction and Concrete	70,700	68,524	2,176
Crushed Stone and Gravel	478,000	429,246	48,754
Coldmix and Patching	69,000	65,298	3,702
Garage Supplies	89,200	85,942	3,258
Gasoline	95,000	73,775	21,225
Paving Materials	1,686,720	1,645,811	40,909
Pipe and Tile	102,855	98,281	4,574
Signs	21,500	20,774	726
Tires and Tubes	32,818	29,396	3,422
<u>Debt Service</u>			
Borrowed Money:			
Kentucky Advance Revenue Program-			
Interest	14,587	14,586	1
KACO Leasing Trust Equipment Lease-			
Interest	8,788	6,506	2,282
<u>Capital Projects</u>			
Streets and Highways:			
New Equipment	128,848	128,848	
Other Capital Projects:			
Bridge Projects	75,000	77,429	(2,429)

PULASKI COUNTY  
 COMPARATIVE SCHEDULE OF  
 FINAL BUDGET AND BUDGETED EXPENDITURES  
 Fiscal Year Ended June 30, 1999  
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>ROAD AND BRIDGE FUND</u> (Continued)			
<u>Capital Projects</u> (Continued)			
<u>Administration</u>			
General Services:			
School's Share of Forestry Receipts	\$ 15,000	\$ 10,645	\$ 4,355
Contingent Appropriations:			
Reserve for Budget Transfers	19,479		19,479
Total Operating Budget	\$ 3,786,461	\$ 3,629,936	\$ 156,525
Other Financing Uses:			
KACO Leasing Trust Equipment Lease- Principal	78,012	78,012	
Kentucky Advance Revenue Program- Principal	666,720	666,720	
Total Road and Bridge Fund	\$ 4,531,193	\$ 4,374,668	\$ 156,525

JAIL FUND

Protection to Persons and Property

Office of Jailer:

    Personnel Services-

        Salaries-

Jailer	\$ 59,800	\$ 59,434	\$ 366
Jail Personnel	531,191	509,329	21,862
Office Personnel	44,007	42,352	1,655
Food Service Personnel	63,307	60,820	2,487
Maintenance Personnel	23,143	22,274	869
Part-Time Personnel	14,500	8,967	5,533
Other Personnel	6,009	6,250	(241)

    Contracted Services-

Psychological Evaluations	10,000		10,000
Food Preparation	12,076	12,075	1
Building Repairs	20,000	15,305	4,695
Equipment Repairs	10,000	1,794	8,206

PULASKI COUNTY  
 COMPARATIVE SCHEDULE OF  
 FINAL BUDGET AND BUDGETED EXPENDITURES  
 Fiscal Year Ended June 30, 1999  
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>JAIL FUND</u> (Continued)			
<u>Protection to Persons and Property</u> (Continued)			
Office of Jailer (Continued):			
Contracted Services (Continued)-			
Dental Services	\$ 3,800	\$ 2,361	\$ 1,439
Medical Services	20,800	20,000	800
Pest Control	840	840	
Building Maintenance	6,000	5,395	605
Ambulance Service	3,000	906	2,094
Clinic and Hospital Services	35,000	4,393	30,607
Operations-			
Cleaning Supplies	15,000	9,249	5,751
Dues and Memberships	680	680	
Food	180,000	165,032	14,968
Jail Linens	5,000	2,534	2,466
Office Supplies	4,550	4,548	2
Other Materials and Supplies	1,945	1,944	1
Prisoner Clothing	2,585	2,583	2
Prisoner Hygiene	2,000	1,396	604
Routine Medical Supplies	9,000	5,165	3,835
Prisoner Medical Claims	7,000	659	6,341
Prisoner Pharmaceuticals	46,705	46,704	1
Staff Uniforms	6,000	3,217	2,783
Staff Training	5,015	5,014	1
Staff Travel	3,500	2,362	1,138
Telephone	14,500	14,413	87
Vehicles	5,000	3,639	1,361
Housing Prisoners - Other Counties	45,000	33,559	11,441
Postage	750	300	450
Printing	1,200	788	412
Utilities	62,000	57,663	4,337
Equipment-			
Communication	6,000	3,774	2,226
Data Processing	8,000	1,799	6,201
Food Service	3,000	780	2,220
Plant Operation	25,000	7,790	17,210
Other	10,000	7,501	2,499
Furniture and Fixtures	5,000	1,247	3,753
Miscellaneous Operating Expense	2,014	1,014	1,000

PULASKI COUNTY  
 COMPARATIVE SCHEDULE OF  
 FINAL BUDGET AND BUDGETED EXPENDITURES  
 Fiscal Year Ended June 30, 1999  
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>JAIL FUND</u> (Continued)			
<u>Administration</u>			
General Services:			
Bank Charges	\$ 200	\$ 180	\$ 20
Contingent Appropriations:			
Reserve for Budget Transfers	76,577		76,577
Fringe Benefits:			
County Contributions-			
Retirement	134,931	134,356	575
Social Security	51,973	47,138	4,835
Health Insurance	55,652	55,395	257
Total Operating Budget	\$ 1,659,250	\$ 1,394,918	\$ 264,332
Other Financing Uses:			
Transfers to Public Properties Corporation Fund	157,928	157,475	453
Total Jail Fund	\$ 1,817,178	\$ 1,552,393	\$ 264,785
<u>LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND</u>			
<u>General Government</u>			
Economic Development:			
Chamber of Commerce	\$ 6,500	\$ 6,500	\$
Bank Charges		20	(20)
<u>Protection to Persons and Property</u>			
Education Program:			
Drug Task Force	18,000	18,000	
School to Work	1,000		1,000

PULASKI COUNTY  
 COMPARATIVE SCHEDULE OF  
 FINAL BUDGET AND BUDGETED EXPENDITURES  
 Fiscal Year Ended June 30, 1999  
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<b>LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND (Continued)</b>			
<u>Social Services</u>			
Senior Citizens Program:			
Council on Aging	\$ 4,000	\$	\$ 4,000
Alzheimer's Center	6,000	6,000	
Services to Children and Youth:			
Kentucky Baptist Homes for Children	6,500		6,500
YMCA	50,000	50,000	
Youth Task Force	12,500	12,500	
General Charity and Welfare:			
God's Food Pantry	2,500	2,500	
Pauper Burials	900	900	
Home Relief	18,480	18,480	
Bethany House	1,500	1,500	
<u>Recreation and Culture</u>			
Parks:			
Fountain Square Foundation	6,350	6,297	53
County Parks Contribution			
Celebrations, Festivals, and Cultural Programs:			
Performing Arts	5,000	5,000	
Master Musicians Festival	7,500	7,500	
Other Cultural Programs:			
Watershed Arts Alliance	5,000	5,000	
Heritage Days	1,500	1,500	
<u>Roads</u>			
Road Maintenance:			
Road Materials	87,828	86,218	1,610

PULASKI COUNTY  
 COMPARATIVE SCHEDULE OF  
 FINAL BUDGET AND BUDGETED EXPENDITURES  
 Fiscal Year Ended June 30, 1999  
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
LOCAL GOVERNMENT ECONOMIC <u>ASSISTANCE FUND</u> (Continued)			
<u>Airport</u>			
Airport Operating and Maintenance: Program Support	\$ 20,000	\$ 20,000	\$
<u>Administration</u>			
Contingent Appropriations: Reserve for Budget Transfers	34,870		34,870
Total Local Government Economic Assistance Fund	\$ 295,928	\$ 247,915	\$ 48,013

911 FUND

Protection to Persons and Property

Salaries:			
Director	\$ 37,055	\$ 35,621	\$ 1,434
Dispatcher	325,000	313,559	11,441
Part-Time	20,000	12,280	7,720
Equipment Maintenance	17,685	17,684	1
Communication Equipment Maintenance	4,000	2,998	1,002
Rent	20,000	20,000	
Custodial Supplies	5,000	1,109	3,891
Computer Supplies	4,000	1,445	2,555
Copier Supplies	2,000	450	1,550
Addressing Expense	8,000	1,520	6,480
Office Expense	9,000	6,430	2,570
Building Maintenance	3,000	1,692	1,308
Uniforms	6,500	2,149	4,351
Telephone	137,600	115,575	22,025
Staff Training	5,000	873	4,127
Staff Travel	4,000	1,974	2,026
Utilities	5,000	4,235	765
Office Equipment	3,000	148	2,852
Office Renovation	68,800	56,835	11,965
New Equipment	9,310	9,308	2

PULASKI COUNTY  
 COMPARATIVE SCHEDULE OF  
 FINAL BUDGET AND BUDGETED EXPENDITURES  
 Fiscal Year Ended June 30, 1999  
 (Continued)

	<u>Final Budget</u>	<u>Budgeted Expenditures</u>	<u>Under (Over) Budget</u>
<u>911 FUND</u> (Continued)			
<u>Administration</u>			
Contingent Appropriation:			
Reserve for Transfer	\$ 46,689	\$	\$ 46,689
Fringe Benefits:			
County Contributions-			
Retirement	30,000	29,820	180
Social Security	26,346	23,717	2,629
Health Insurance	30,115	30,114	1
Worker's Compensation	2,900		2,900
Unemployment Insurance	7,500		7,500
Total 911 Fund	<u>\$ 837,500</u>	<u>\$ 689,536</u>	<u>\$ 147,964</u>

ECONOMIC DEVELOPMENT FUND

General Government

Industrial Development Foundation:			
Contribution	\$ 2,300	\$ 2,131	\$ 169

Administration

Contingent Appropriations:			
Reserved for Contingencies	<u>103,360</u>	<u>18</u>	<u>103,342</u>
Total Economic Development Fund	<u>\$ 105,660</u>	<u>\$ 2,149</u>	<u>\$ 103,511</u>

PULASKI COUNTY  
 COMPARATIVE SCHEDULE OF  
 FINAL BUDGET AND BUDGETED EXPENDITURES  
 Fiscal Year Ended June 30, 1999  
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>INDUSTRIAL DEVELOPMENT FUND</u>			
<u>General Government</u>			
Industrial Development Foundation:			
South Kentucky Economic Development	\$ 30,000	\$ 13,662	\$ 16,338
Lake Cumberland Complex Mowing	1,650		1,650
Tenants Association	11,000	7,213	3,787
Other Projects	15,000	11,067	3,933
Marketing	10,500	4,896	5,604
Industrial Development	220,150	220,150	
Spec Building Payment	211,300	211,232	68
Miscellaneous		18	(18)
<u>Administration</u>			
Contingent Appropriations:			
Reserved for Contingencies	276,900	7,010	269,890
Total Industrial Development Fund	\$ 776,500	\$ 475,248	\$ 301,252
<u>FIRE PROTECTION FUND</u>			
<u>Protection to Persons and Property</u>			
County Fire Department:			
Salaries-			
Coordinator	\$ 29,710	\$ 29,710	\$
Office Assistant	18,000	18,605	(605)
Hazardous Material Supplies	5,000	105	4,895
Telephone	5,000	4,550	450
Travel	2,500	555	1,945
Communication Maintenance	30,000	12,040	17,960
Truck Repair and Maintenance	20,000	15,350	4,650
Office Supplies	7,000	2,881	4,119
Rescue Squad	18,000	18,000	
Advertising Costs	1,500	986	514
Contracted Services-Hydrants	7,000	5,877	1,123
Data Processing Supplies	6,000	1,865	4,135
Equipment and Tools	6,900	6,833	67
Uniforms	1,000	715	285

PULASKI COUNTY  
 COMPARATIVE SCHEDULE OF  
 FINAL BUDGET AND BUDGETED EXPENDITURES  
 Fiscal Year Ended June 30, 1999  
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>FIRE PROTECTION FUND</u> (Continued)			
<u>Protection to Persons and Property</u> (Continued)			
County Fire Department (Continued):			
Insurance Premium Distribution	\$ 220,464	\$ 210,464	\$ 10,000
Printing	1,000		1,000
Refunds	17,650	17,647	3
Registration Conference	1,500	240	1,260
Training	10,000	6,514	3,486
Building Maintenance	10,000	9,059	941
Office Equipment Repair	9,600	9,580	20
Other Equipment Repair	5,000	82	4,918
Fire and Safety Education	5,000	2,906	2,094
Miscellaneous	650	721	(71)
Insurance Premium Reimbursement	62,101	62,101	
<u>Debt Service</u>			
Borrowed Money:			
KACO Leasing Trust Equipment Lease- Interest	38,700	32,376	6,324
<u>Capital Projects</u>			
Equipment:			
Communication	30,000	25,809	4,191
Computers	23,900	21,093	2,807
Trucks	153,500	153,440	60
Other Equipment	44,600	44,562	38
Other:			
New Departments Construction	250,000	155,465	94,535
Departmental Loan Program	10,000		10,000
<u>Administration</u>			
Contingent Appropriations:			
Reserved for Contingencies	105,525	3,184	102,341
Total Operating Budget	\$ 1,156,800	\$ 873,315	\$ 283,485

PULASKI COUNTY  
 COMPARATIVE SCHEDULE OF  
 FINAL BUDGET AND BUDGETED EXPENDITURES  
 Fiscal Year Ended June 30, 1999  
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>FIRE PROTECTION FUND</u> (Continued)			
Other Financing Uses:			
KACO Leasing Trust Equipment Lease-			
Principal	\$ 161,000	\$ 161,000	\$
Total Fire Protection Fund	\$ 1,317,800	\$ 1,034,315	\$ 283,485

TOURISM FUND

Recreation and Culture

Tourism and Convention:

Salaries	\$ 48,000	\$ 6,271	\$ 41,729
Travel and Group Shows	6,000	1,400	4,600
Advertising	10,500	4,134	6,366
Contracts With Private Agencies	5,000	1,494	3,506
Janitorial Services	2,500	90	2,410
Copy Machine Contract	700		700
Building Maintenance and Repairs	4,500	3,510	990
Equipment	2,500	260	2,240
Gasoline	800	201	599
Auto Repair	550	75	475
Office Supplies	2,000	455	1,545
Christmas Island	4,781		4,781
Dues and Subscriptions	1,500	177	1,323
Freight	800	122	678
Insurance:			
Liability	1,000		1,000
Property	1,000	564	436
Vehicle	950		950
Bond	200		200
Promotions	8,000	3,423	4,577
Printing	35,000		35,000
Postage	5,500	1,355	4,145
Registration and Meetings	500		500
Telephone	5,400	1,573	3,827
Travel	4,000	306	3,694
Utilities	3,600	977	2,623
Vehicle	10,000		10,000
Contribution		34,921	(34,921)

PULASKI COUNTY  
 COMPARATIVE SCHEDULE OF  
 FINAL BUDGET AND BUDGETED EXPENDITURES  
 Fiscal Year Ended June 30, 1999  
 (Continued)

	Final Budget	Budgeted Expenditures	Under (Over) Budget
<u>TOURISM FUND</u> (Continued)			
<u>Administration</u>			
General Services:			
Audit and Accounting	\$ 500	\$	\$ 500
Transfer Christmas Island	5,000	5,000	
Contingent Appropriations:			
Reserve for Budget Transfers	13,800		13,800
Fringe Benefits:			
Social Security	3,137	454	2,683
Retirement	3,547	735	2,812
Health Insurance	1,680	279	1,401
Unemployment	800		800
Worker's Compensation	650		650
Total Tourism Fund	\$ 194,395	\$ 67,776	\$ 126,619
Total Operating Budget - All Funds	\$ 15,150,862	\$ 12,636,851	\$ 2,514,011
Other Financing Uses:			
Rural Economic Development			
Center-Principal	65,000	65,000	
Borrowed Money-			
Kentucky Advanced Revenue			
Program-Principal	3,734,210	3,734,210	
KACO Leasing Trust Equipment Lease-			
Principal	239,012	239,012	
Transfers to Public Properties			
Corporation Fund	157,928	157,475	453
TOTAL BUDGET - ALL FUNDS	\$ 19,347,012	\$ 16,832,548	\$ 2,514,464

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS





EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS

Honorable Darrell BeShears, Pulaski County Judge/Executive  
Members of the Pulaski County Fiscal Court

Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of Financial  
Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements of Pulaski County Kentucky, as of and for the year ended June 30, 1999, and have issued our report thereon dated June 21, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Pulaski County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under Government Auditing Standards which is described in the accompanying comment and recommendation section.

- Pulaski County Received FEMA Reimbursements Of \$51,783 In Excess Of Documented Expenditures

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Pulaski County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be a material weakness.

Honorable Darrell BeShears, Pulaski County Judge/Executive  
Members of the Pulaski County Fiscal Court  
Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of Financial  
Statements Performed In Accordance With Government Auditing Standards  
(Continued)

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party. However, this report, upon release by the Auditor of Public Accounts, is a matter of public record and its distribution is not limited.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
June 21, 2000

COMMENT AND RECOMMENDATION



PULASKI COUNTY  
COMMENT AND RECOMMENDATION

Fiscal Year Ended June 30, 1999

Pulaski County Received FEMA Reimbursements Of \$51,782 In Excess Of Documented Expenditures

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Subsequent review of documentation indicates that additional funds should have been deobligated from DSR 53547. The applicant provided supporting documentation totaling \$97,847 instead of the \$149,629 claimed. As a result, the county was overpaid a total of \$51,782, which includes \$43,637 federal share and \$6,981 state share and administrative costs of \$1,164. Per the letter dated June 8, 2000 received by the county from the Department of Military Affairs, Division of Emergency Management, the county is requested to reimburse the deobligated funds.

*Darrell BeShears, Pulaski County Judge/Executive's Response:*

*We were aware of this item and have already began the repayment process.*

*Arlene Phelps, Pulaski County Treasurer's Response:*

*The DSR received an intensive financial review by the state prior to close out. No final payout will be made until the documentation is deemed adequate. Our documentation met the state review and payout occurred. However, due to the many disasters occurring around the country at that time, the Federal Review Board based in Atlanta did not review this DSR until almost two years later. The review board asked for additional documentation that could not produced after the fact. We felt that our documentation was more than adequate, but decided that since a good future working relationship with FEMA was vital, it would be in the best interest of the county not to contest the repayment.*

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**CERTIFICATION OF COMPLIANCE – LOCAL  
GOVERNMENT ECONOMIC ASSISTANCE PROGRAM**

**PULASKI COUNTY FISCAL COURT**

Fiscal Year Ended June 30, 1999

Appendix A

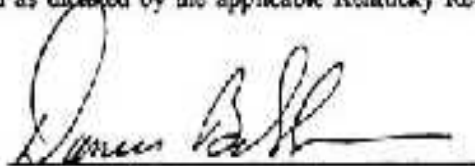


**CERTIFICATION OF COMPLIANCE**

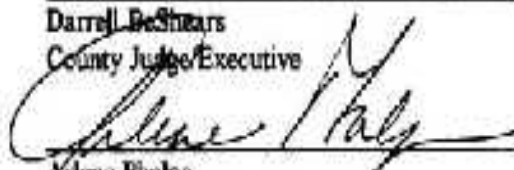
**LOCAL GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAMS**

**PULASKI COUNTY FISCAL COURT**

The Pulaski County Fiscal Court hereby certifies that assistance received from the Local Government Economic Development Program and Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.



Darrell DeShazars  
County Judge/Executive



Arlene Phelps  
County Treasurer



AUDIT REPORTS OF OTHER AUDITORS

SOMERSET-PULASKI COUNTY DEVELOPMENT FOUNDATION, INC.

SOMERSET ECONOMIC DEVELOPMENT FUND

SOMERSET ECONOMIC DEVELOPMENT FUND (B)

Fiscal Year Ended June 30, 1999



DW 8900

**SOMERSET-PULASKI COUNTY  
DEVELOPMENT FOUNDATION, INC.**

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**FINANCIAL STATEMENTS**

For the year ended June 30, 1999



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Schedule of Development-Related Revenues & Expenditures	10



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Somerset-Pulaski County Development Foundation, Inc.

We have audited the accompanying statement of financial position of Somerset-Pulaski County Development Foundation, Inc., (a nonprofit organization) as of June 30, 1999, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Somerset-Pulaski County Development Foundation, Inc., as of June 30, 1999, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Evans, Hall & Company*

September 1, 1999  
Somerset, Kentucky



**SOMERSET-PULASKI COUNTY  
DEVELOPMENT FOUNDATION, INC.**

Statement of Financial Position

June 30, 1999

**Assets**

Cash and cash equivalents	\$ 732,666
Interest receivable	3,306
Notes receivable, net	619,305
Speculative building	1,180,547
Property and equipment, net	<u>3,111,353</u>
 Total Assets	 <u>\$ 5,647,177</u>

**Liabilities and Net Assets**

Liabilities	
Accounts payable	\$ -
Note payable	<u>-</u>
 Total Liabilities	 -
 Net Assets, Unrestricted	 <u>5,647,177</u>
 Total Liabilities and Net Assets	 <u>\$ 5,647,177</u>

See accompanying notes to financial statements

**SOMERSET-PULASKI COUNTY  
DEVELOPMENT FOUNDATION, INC.**

Statement of Activities  
For the Year Ended June 30, 1999

**Unrestricted Net Assets**

Revenue and Support

Occupational tax revenue, administrative budget	\$ 220,150
Interest income	17,742
Administration fees, economic development funds	555
Development-related revenues, net	<u>216,581</u>

Total Revenue and Support 455,028

Expenses

Program Services:

Recruitment, retention and development 120,337

Supporting Services:

Management and general 67,716

Land and development costs in excess of revenues  
from property sales and other transfers

222,648

Total Expenses 410,701

Total Increase in Unrestricted Net Assets 44,327

Unrestricted Net Assets, July 1, 1998 5,802,850

Prior period adjustment (200,000)

Unrestricted Net Assets, June 30, 1999 \$ 5,647,177

See accompanying notes to financial statements

**SOMERSET-PULASKI COUNTY  
DEVELOPMENT FOUNDATION, INC.**

Statement of Functional Expenses  
For the Year Ended June 30, 1999

	<b>Program Services</b>	<b>Supporting Services</b>	<b>Total Expenses</b>
	<b>Recruitment, Retention &amp; Development</b>	<b>Management &amp; General</b>	
Salaries, wages and benefits	\$ 85,217	\$ 16,658	\$ 101,875
Automobile expenses	3,386	-	3,386
Education programs	691	173	864
Travel	2,119	-	2,119
Printing & brochures	1,634	-	1,634
Hosting	1,607	-	1,607
Other recruitment expenses	683	-	683
Office expenses	-	9,093	9,093
Rent	-	5,400	5,400
Telephone	-	6,358	6,358
Equipment lease	-	100	100
Utilities	-	1,178	1,178
Cleaning	-	1,031	1,031
Subscriptions & dues	-	2,985	2,985
Professional fees	-	8,548	8,548
Insurance	-	1,518	1,518
Repairs & maintenance	-	398	398
Licenses & taxes	-	489	488
Bad debt expense	25,000	-	25,000
Depreciation	-	6,535	6,535
Miscellaneous expense	-	7,252	7,252
Total Expenses	\$ <u>120,337</u>	\$ <u>67,716</u>	\$ <u>188,052</u>

See accompanying notes to financial statements

**SOMERSET-PULASKI COUNTY  
DEVELOPMENT FOUNDATION, INC.**

Statement of Cash Flows  
For the Year Ended June 30, 1999

**Cash Flows From Operating Activities**

Increase in net assets	\$ 44,327
Adjustment to reconcile excess of support and revenue over expenses to net cash provided by operating activities:	
Depreciation	6,535
(Increase) decrease in:	
Interest receivable	598
(Decrease) increase in:	
Accounts payable and accrued expenses	(42,724)
Allowance for uncollectible note receivables	25,000
Costs in excess of revenue from property sales	<u>222,648</u>
Net Cash Provided (Used) By Operating Activities	256,384

**Cash Flows From Investing Activities**

Development costs incurred	(23,692)
Speculative building cost	(8,364)
Proceeds from sale of property	25,000
Principal repayments on loans made to industries	<u>69,805</u>
Net Cash Provided (Used) By Investing Activities	62,749

**Cash Flows From Financing Activities**

Principal payment on debt	<u>(203,591)</u>
Net Cash Provided (Used) By Financing Activities	<u>(203,591)</u>

Net Increase (Decrease) in Cash and Cash Equivalents	115,542
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Cash and Cash Equivalents at July 1, 1998	<u>617,124</u>
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Cash and Cash Equivalents at June 30, 1999	<u><u>\$ 732,666</u></u>
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See accompanying notes to financial statements

**SOMERSET-PULASKI COUNTY  
DEVELOPMENT FOUNDATION, INC.**

Notes to the Financial Statements

June 30, 1999

Note 1: Organization

The Somerset-Pulaski County Development Foundation, Inc. receives occupational tax revenues through the Pulaski County Fiscal Court to carry out its purpose of recruitment and development of industry.

Note 2: Summary of Significant Accounting Policies

Accrual Basis: The financial statements have been prepared on the accrual basis of accounting.

Income Taxes: No provision has been provided for income taxes as the Foundation is recognized as a non-profit corporation under Section 501(c)(6) of the Internal Revenue Code.

Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property and Equipment: Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed by the straight-line method. Expenditures for maintenance and repairs are expensed when incurred and renewals and betterments are capitalized. The related costs and accumulated depreciation are removed from the respective accounts at the time an asset is retired or otherwise disposed of. Any gain resulting is recognized in the current year's income.

Functional Expenses: Expenses are charged directly to program or supporting services in general categories based on specific identification. Indirect expenses have been allocated based on salary expenditures or management's estimates.

Financial Statement Presentation: The Foundation has adopted Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, permanently restricted net assets.

Cash and cash equivalents: Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

**SOMERSET-PULASKI COUNTY  
DEVELOPMENT FOUNDATION, INC.**  
Notes to the Financial Statements (Continued)  
June 30, 1999

Note 3: Notes Receivable

The balance of the notes receivable is made up of the following notes due from industries at varying interest rates:

Sany Metal	\$ 109,774
CR/PL, L. P.	210,000
Sumerset Houseboats	124,531
Bee Lick Manufacturing	150,000
General Electric	<u>150,000</u>
Less: Allowance for uncollectible notes receivable	<u>(125,000)</u>
	<u>\$ 619,305</u>

For each year of the ten-year term of the General Electric (GE) note that GE maintains a manufacturing facility at its current location, employing a minimum of an average of 185 people, the payment for that year is deferred without penalty or additional interest. At the conclusion of the ten-year term, any unpaid and/or previously deferred amounts due under the agreement will be forgiven, provided GE has complied with all terms of the agreement. As of June 30, 1998, GE has met all annual requirements. The terms of the note continue through July 1, 2000.

Note 4: Property and Equipment

Major classifications of these assets are summarized as follows:

Land and development costs	\$3,092,195
Equipment	<u>46,319</u>
	3,138,514
Less: accumulated depreciation	<u>( 27,161)</u>
Total property and equipment	<u>\$3,111,353</u>

Depreciation expense was \$6,535 for the year ended June 30, 1999.

**SOMERSET-PULASKI COUNTY  
DEVELOPMENT FOUNDATION, INC.**  
Notes to the Financial Statements (Continued)  
June 30, 1999

Note 5: Leases

The Foundation currently leases office space, for \$450 per month, under a three-year lease agreement which became effective January 1, 1997 and ends December 31, 1999. Future minimum annual lease expense totals \$2,700 for the fiscal year ending June 30, 2000.

Note 6: Designated Cash

Cash in the amount of \$9,504, at June 30, 1999, has been designated for purposes of development of the Valley Oak Commerce Complex.

Note 7: Retirement Plan

On April 6, 1994, the Foundation established a defined contribution postretirement benefit plan. The Simplified Employee Pensions-Individual Retirement Accounts Contribution Agreement (SEP/IRA) covers all employees. The Foundation's contributions and cost are determined annually as 13.977% of each covered employee's salary and totaled \$10,990 for the year ended June 30, 1999.

Note 8: Significant Concentrations of Credit Risk

The Foundation's cash and cash equivalents, including designated cash, totals \$732,666 at June 30, 1999. The Foundation has concentrated its credit risk for cash by maintaining the majority of its deposits in two financial institutions. The maximum loss that would have resulted from that risk totaled \$54,891 at June 30, 1999, for the excess of the deposit liabilities reported by the banks over the amounts that would have been covered by federal insurance and by U.S. government securities pledged as collateral.

Credit risk for notes receivable is concentrated as well because all of the balances are receivable from industries located within the same geographic region.

**SOMERSET-PULASKI COUNTY  
DEVELOPMENT FOUNDATION, INC.**  
Notes to the Financial Statements (Continued)  
June 30, 1999

Note 9: Commitments and Contingencies

The Foundation has an outstanding commitment to Eagle Carriers, in the amount of \$21,000, for assistance with the costs associated with obtaining sewer-line connections to the company's property.

Note 10: Prior Period Adjustment

An adjustment has been made to unrestricted net assets as of June 30, 1999, to remove a note receivable balance from the Foundation's financial statements. When originally recorded, the note was to be repaid to the Foundation. However, it was recently determined that the loan repayments would be made to, and retained by, the Pulaski County Fiscal Court.

**SOMERSET-PULASKI COUNTY  
DEVELOPMENT FOUNDATION, INC.**  
Schedule of Development-Related Revenues & Expenditures  
For the Year Ended June 30, 1999

**Development-Related Revenues**

Received from Pulaski County Fiscal Court for:

Debt service for speculative building	\$ 203,591
Administration fees	2,131
Valley Oak Tenant Association	7,500
Reimbursements for cost of electricity	4,781
Valley Oak Commerce Complex, various site development and maintenance-related costs	3,567
Southern Kentucky Economic Development Corporation donation (part of \$18,668 approved)	13,668
Marketing and various related costs	8,412
Various other reimbursements and projects	<u>1,000</u>

Total from Pulaski County Fiscal Court 244,650

Membership dues	740
Various other reimbursements and projects	<u>2,227</u>

Total from other sources 2,967

Total Development-Related Revenues 247,617

**Development-Related Expenditures**

Video update	6,966
Job sight expenditures	1,270
South Kentucky Economic Development Corp. donation	18,668
Other miscellaneous expenditures	<u>4,132</u>

Total Development-Related Expenditures 31,036

Development-Related Revenues, Net \$ 216,581

See accompanying notes to financial statements

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**SOMERSET ECONOMIC  
DEVELOPMENT FUND**

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**FINANCIAL STATEMENTS**

For the year ended June 30, 1999



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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Somerset-Pulaski County Development Foundation, Inc.  
and the Somerset City Council

We have audited the accompanying balance sheet of Somerset Economic Development Fund, a component unit of City of Somerset, Kentucky, as of June 30, 1999, and the related statements of activity, changes in fund balance and cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Somerset Economic Development Fund, as of June 30, 1999, and the results of its operations, changes in fund balance and cash flows, for the year then ended in conformity with generally accepted accounting principles.

*Evans, Hall & Company*

September 1, 1999  
Somerset, Kentucky



**SOMERSET ECONOMIC DEVELOPMENT FUND**  
**BALANCE SHEET**  
June 30, 1999

**Assets**

Restricted Assets

Current Restricted Assets

Cash	\$ 480,491
Interest receivable	10,627
Current portion of note receivable	<u>37,415</u>

Total Current Restricted Assets 528,533

Note receivable, net of current portion 619,903

Total Restricted Assets \$ 1,148,436

**Fund Balance**

Fund Balance

Unrestricted	\$ -
Restricted	<u>1,148,436</u>

Total Fund Balance \$ 1,148,436

See accompanying notes to financial statements

**SOMERSET ECONOMIC DEVELOPMENT FUND**  
**STATEMENT OF ACTIVITY**  
For the Year Ended June 30, 1999

**Operating Revenue**

Interest income	\$ <u>43,850</u>
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Total Operating Revenue	43,850
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**Operating Expenses**

Miscellaneous expense	<u>4</u>
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Total Operating Expenses	<u>4</u>
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Excess (Deficiency) of Revenue Over Expenses	\$ <u><u>43,846</u></u>
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See accompanying notes to financial statements

**SOMERSET ECONOMIC DEVELOPMENT FUND**  
**STATEMENT OF CHANGES IN FUND BALANCE**  
For the Year Ended June 30, 1999

Balance, July 1, 1998	\$ 1,104,590
Excess (deficiency) of revenue over expenses	<u>43,846</u>
Balance, June 30, 1999	\$ <u><u>1,148,436</u></u>

See accompanying notes to financial statements

**SOMERSET ECONOMIC DEVELOPMENT FUND**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 1999**

Cash Flows From Operating Activities	
Interest income received	\$ 44,427
Cash paid for miscellaneous expenses	<u>(4)</u>
Net Cash Provided (Used) By Operating Activities	<u>44,423</u>
Cash Flows From Investing Activities	
Cash collected on note receivable	<u>35,685</u>
Net Cash Provided (Used) By Investing Activities	<u>35,685</u>
Net Increase (Decrease) in Cash and Cash Equivalents	80,108
Cash and Cash Equivalents at July 1, 1998	<u>400,383</u>
Cash and Cash Equivalents at June 30, 1999	<u>\$ 480,491</u>
Reconciliation of Excess (Deficiency) of Revenues Over Expenses to Net Cash Provided (Used) by Operating Activities	
Excess (deficiency) of revenue over expenses	\$ 43,846
Adjustment to reconcile excess of revenue over expenses to net cash provided by operating activities	
(Increase) decrease in interest receivable	<u>577</u>
Net Cash Provided (Used) By Operating Activities	<u>\$ 44,423</u>

See accompanying notes to financial statements

**SOMERSET ECONOMIC DEVELOPMENT FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 1999

**Note 1 - Organization**

The Somerset Economic Development Fund was established by the City of Somerset to administer funds derived from the lease of equipment purchased by the City of Somerset for use by a local industry. The fund balance of the Somerset Economic Development Fund has restricted uses, subject to approval by the Somerset City Council. The Economic Development Fund is administered by the Somerset Pulaski County Development Foundation, Inc., as the designated management agent for the City of Somerset. This fund is a component unit of the City of Somerset and is included as a Special Revenue Fund in its general purpose financial statements.

**Note 2 - Summary of Significant Accounting Policies**

Accrual Basis: The financial statements have been prepared on the accrual basis of accounting.

Cash: The Economic Development Fund maintains its cash in interest-bearing accounts. The bank balance of \$480,491 is insured up to \$100,000 by the Federal Deposit Insurance Corporation and the remaining \$380,491, is collateralized by securities held in the name of the bank pledged to the City of Somerset, General Fund. For purposes of reporting cash flows, cash and cash equivalents include cash in banks.

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**SOMERSET ECONOMIC  
DEVELOPMENT FUND (B)**

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**FINANCIAL STATEMENTS**

For the year ended June 30, 1999



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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Somerset-Pulaski County Development Foundation, Inc.  
and the Somerset City Council

We have audited the accompanying balance sheet of Somerset Economic Development Fund (B), a component unit of City of Somerset, Kentucky, as of June 30, 1999, and the related statements of activity, changes in fund balance and cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Somerset Economic Development Fund (B), as of June 30, 1999, and the results of its operations, changes in fund balance and cash flows, for the year then ended in conformity with generally accepted accounting principles.

*Evans, Hall & Company*

September 1, 1999  
Somerset, Kentucky



**SOMERSET ECONOMIC DEVELOPMENT FUND (B)**  
**BALANCE SHEET**  
June 30, 1999

**Assets**

Current Restricted Assets	
Cash	\$ <u>159,696</u>
Total Current Restricted Assets	<u>159,696</u>
Total Restricted Assets	\$ <u><u>159,696</u></u>

**Fund Balance**

Fund Balance	
Unrestricted	\$ -
Restricted	<u>159,696</u>
Total Fund Balance	\$ <u><u>159,696</u></u>

See accompanying notes to financial statements

**SOMERSET ECONOMIC DEVELOPMENT FUND (B)**  
**STATEMENT OF ACTIVITY**  
For the Year Ended June 30, 1999

**Operating Revenue**

Interest income	\$ <u>4,254</u>
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Total Operating Revenue	4,254
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**Operating Expenses**

Development project funding	<u>-</u>
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Total Operating Expenses	<u>-</u>
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Excess (Deficiency) of Revenue Over Expenses	<u><u>\$ 4,254</u></u>
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See accompanying notes to financial statements

**SOMERSET ECONOMIC DEVELOPMENT FUND (B)**  
**STATEMENT OF CHANGES IN FUND BALANCE**  
For the Year Ended June 30, 1999

Balance, July 1, 1998	\$ 155,442
Excess (deficiency) of revenue over expenses	<u>4,254</u>
Balance, June 30, 1999	\$ <u><u>159,696</u></u>

See accompanying notes to financial statements

**SOMERSET ECONOMIC DEVELOPMENT FUND (B)**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended June 30, 1999**

Cash Flows From Operating Activities	
Interest income received	\$ 4,254
Cash paid for development program expenses	<u>-</u>
Net Cash Provided (Used) By Operating Activities	<u>4,254</u>
Net Increase (Decrease) in Cash and Cash Equivalents	4,254
Cash and Cash Equivalents at July 1, 1998	<u>155,442</u>
Cash and Cash Equivalents at June 30, 1999	<u>\$ 159,696</u>
Reconciliation of Excess (Deficiency) of Revenues Over Expenses to Net Cash Provided (Used) by Operating Activities	
Excess (Deficiency) of Revenue Over Expenses	\$ <u>4,254</u> *
Net Cash Provided (Used) By Operating Activities	<u>\$ 4,254</u>

See accompanying notes to financial statements

**SOMERSET ECONOMIC DEVELOPMENT FUND (B)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 1999

**Note 1 - Organization**

The Somerset Economic Development Fund (B) was established by the City of Somerset to administer funds derived from the repayment of funds granted to a local industry by the City. The fund balance of the Somerset Economic Development Fund (B) has restricted uses, subject to approval by the Somerset City Council. The Economic Development Fund (B) is administered by the Somerset Pulaski County Development Foundation, Inc., as the designated management agent for the City of Somerset. This fund is a component unit of the City of Somerset and is included as a Special Revenue Fund in its general purpose financial statements.

**Note 2 - Summary of Significant Accounting Policies**

**Accrual Basis:** The financial statements have been prepared on the accrual basis of accounting.

**Cash:** The Economic Development Fund maintains its cash in interest-bearing accounts. The bank balance of \$159,696 is insured up to \$100,000 by the Federal Deposit Insurance Corporation and the remaining \$59,696, is collateralized by securities held in the name of the bank pledged to the City of Somerset, General Fund. For purposes of reporting cash flows, cash and cash equivalents include cash in banks.

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